

Health Care Reform for California

- Health coverage for 7.3 million uninsured Californians
- No rejections for pre-existing conditions
- Lower premium costs
- No policy rescissions
- No lifetime coverage caps
- Greater government oversight for insurance premium increases
- Extends the Medicare Trust Fund

For Seniors

- For the 4.5 million California seniors who rely on Medicare benefits, they will receive:
- Lower premium payments by reducing Medicare’s overpayments to private plans.
 - Lower prescription costs for the nearly 800,000 California seniors who hit the “doughnut hole,” or gap in Medicare Part D drug coverage. (Reform legislation will provide a 50% discount for brand-name drugs.)
 - Free annual wellness doctor visits.
 - Preventative care, such as health screenings, without any co-pays.

For Small Business Owners and Employees

- Small businesses provide nearly 77% of all jobs in California, but only 47% offer health benefits to employees. The health-care reform package offers small businesses:
- Lower premiums through health coverage market exchanges for purchasing insurance. Allows small businesses to pool resources to achieve negotiating leverage.
 - Tax credits for employee health care. An estimated 392,000 small businesses in California will benefit from this provision alone.

For Children

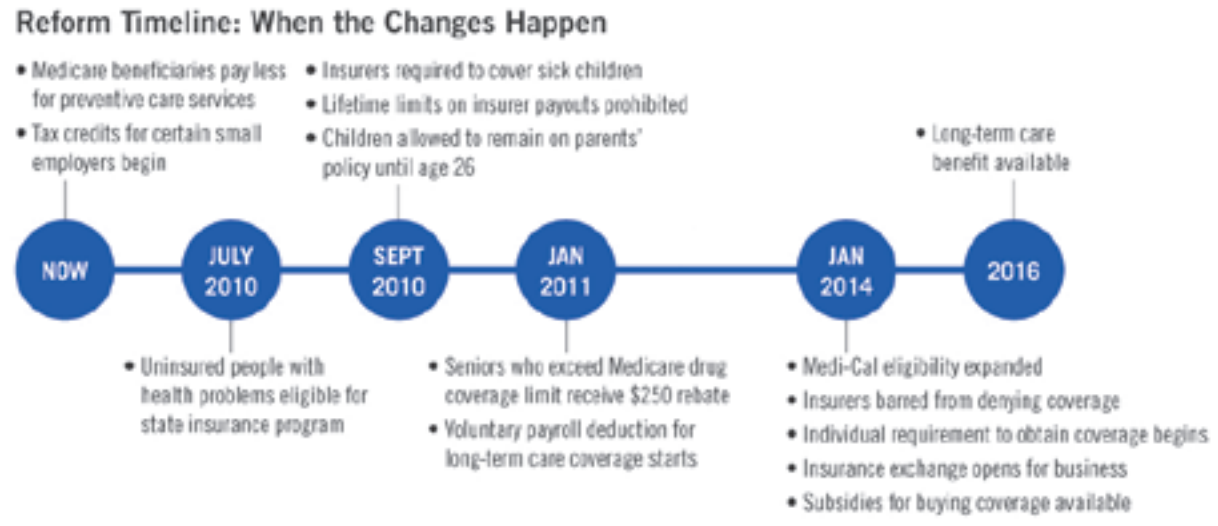
- Immediately, children may receive coverage regardless of pre-existing conditions.
- Allows young people to remain on their parents’ insurance policy until age 26.
- No lifetime coverage caps.

For Middle Class Families and Individuals

- An estimated 3.8 million California residents will qualify for tax credits to help pay for insurance premiums.
- Families and individuals will have access to health insurance exchanges for greater purchasing power.
- Adults who are considered “high risk” will be pooled together to find an affordable health plan.
- Health insurance portability – ensures coverage when you change or lose a job, move, or become too ill to work.

Improved Health Care Delivery

- Provides incentives for 45,700 physicians to practice primary care.
- Increases MediCal reimbursements to primary care physicians.
- Provides scholarships and loan repayment programs to physicians who will practice in underserved areas of California.
- Reforms will standardize paperwork and computerize medical records for greater efficiency.



Highlights of the Law

- Bars insurers from:**
- Denying coverage because of pre-existing medical conditions.
 - Dropping the coverage of people who become sick or suffer injury.
 - Charging higher premiums because of health status or gender.
- Requires large employers to:**
- Provide health benefits, or pay a penalty.
- Encourages small employers to:**
- Provide coverage in exchange for tax credits.
- Allows parents to:**
- Extend their health coverage to children through the age of 26.

Changes for Californians with No Insurance

Annual Income		Coverage Options	Cost
Individual	Family of Four		
Up to \$14,400	Up to \$29,327	<i>Eligible for Medi-Cal.</i> Low-income Californians who are U.S. citizens, as well as most legal immigrants, can enroll in Medi-Cal, the state's Medicaid program.	Copayments of \$1 to \$5 for selected services. A provider may not refuse care if a patient cannot pay for the cost of a visit.
Up to \$43,320	Up to \$88,200	<i>Eligible to buy subsidized private coverage through a new health insurance exchange market.</i> Participating insurers must offer a package of “essential” benefits that covers at least 60% of health-care expenses.	Buyer's share of premium may not exceed 2% of annual income at the low end of the earning scale to 9.5% at the top. Yearly limits on out-of-pocket costs also apply.
\$43,321 and above	\$88,201 and above	<i>Required to buy private coverage.</i> Ineligible for subsidy.	Subject to market rates.

Changes for Californians with Insurance

Source of Coverage	Coverage Options	New Costs and Benefits
Employer Plan	<ul style="list-style-type: none">• <i>Stay in employer plan.</i> If your employer continues to offer coverage, you can keep it.• <i>Shop for coverage through the insurance exchange.</i> Small businesses and people whose employer offers only minimal benefits, or who must pay more than 9.5% of their income in premiums, can look for better options in the exchange.• <i>Participate in long-term care insurance.</i> A new payroll deduction will allow employees to qualify for long term care benefits after a five-year waiting period. The program is voluntary; those who do not opt out will be enrolled automatically.	<ul style="list-style-type: none">Lifetime dollar limits on insurance payouts are eliminated.Annual contributions to Flexible Spending Accounts will be capped at \$2,500, and can no longer be used for over-the-counter drugs.
Individual Policy	<ul style="list-style-type: none">• <i>Keep current plan.</i> If your insurer continues to offer the same coverage, you can renew it. However, new policies must comply with federal minimum coverage standards; older plans that don't meet this test cannot enroll new customers.• <i>Shop for coverage through the insurance exchange.</i> Individuals with incomes below \$43,320 can qualify for federal tax credits to help offset premium costs.	<ul style="list-style-type: none">Lifetime dollar limits on insurance payouts are eliminated. Caps on out-of-pocket costs apply.
Medicare	<ul style="list-style-type: none">• <i>Basic benefits and eligibility.</i> No change. All Californians who qualify under today's rules will continue to do so.• <i>Medicare Advantage.</i> Federal subsidies for Medicare Advantage plans will be eliminated, which may cause the private insurers who sell them to cut benefits, reduce enrollment, or raise premiums.• <i>Access to services.</i> Physicians who treat Medicare patients in rural areas, inner cities, and other underserved areas will be paid a 10% bonus, which may make it easier for beneficiaries to obtain care.	<ul style="list-style-type: none">Free annual check-ups and wellness programs, including screening tests.Gaps in drug coverage phased out, beginning with \$250 rebate.



California State Assembly
Mary Hayashi

CHAIR, ASSEMBLY BUSINESS, PROFESSIONS & CONSUMER PROTECTION COMMITTEE

Dear Neighbor,

The federal government recently passed a significant health reform package. This legislation will impact many aspects of the current system. Some background is necessary to help clarify the changes and how they may affect you.

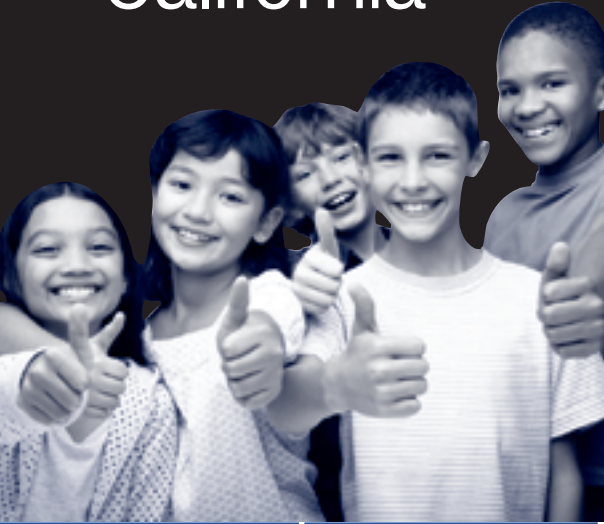
In the near term, the federal government is providing \$671 million for a new, temporary high-risk insurance pool for those who find it most difficult to find coverage. The federal government is also investing in California’s training and workforce development so that health systems can accommodate this newly insured population. Once the law is fully implemented, individuals will no longer be denied coverage for pre-existing conditions and seniors covered by Medi-Cal will receive preventative care, among other changes.

Although there is still more to do to improve the country’s health care, this reform package lays the foundation for providing accessible coverage to millions of uninsured Californians.

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Health
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health care reform

